

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00

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EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04

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TO SECSTATE WASHDC IMMEDIATE 1068

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION NATO BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LISBON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY TOKYO

C O N F I D E N T I A L OTTAWA 3725

DEPT PLEASE PASS TO SECRETARY

E.O. 11652: GDS

TAGS: PINT, PGOV, ECON, CA

SUBJ: IMPLICATIONS OF CABINET SHUFFLE

REF: OTTAWA 3705

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1. ON SEPTEMBER 14 PRIME MINISTER TRUDEAU ANNOUNCED THE LONG AWAITED RESHUFFLING OF HIS CABINET, GIVING CANADIANS THEIR FIRST SURE EVIDENCE OF HOW THE LIBERALS PLAN TO RECAPTURE POPULAR SUPPORT. THREE OBJECTIVES SHOW THROUGH CLEARLY:

A. REGAIN THE CONFIDENCE OF THE BUSINESS COMMUNITY;

B. PROJECT A TAKE-CHARGE IMAGE, WITH TIGHTER ORGANIZATION IN THE HOUSE OF COMMONS AND NEW, ATTRACTIVE FACES IN POSITIONS OF RESPONSIBILITY;

C. PERSEVERE IN CONVINCING THE COUNTRY OF THE IMPERATIVES OF BILINGUALISM.

NEVERTHELESS, TRUDEAU KEPT MORE THAN HE CHANGED: INCUMBENTS REMAIN IN THE KEY MINISTRIES OF FINANCE, DEFENSE, ENERGY AND SUPPLY AND SERVICES; OF 31 CABINET MEMBERS, ONLY THREE PREVIOUS INCUMBENTS ARE OUT COMPLETELY, AND ONLY SEVEN FACES ARE NEW. IN SHORT, TRUDEAU GAINED THE APPEARANCE OF MAJOR CHANGE WITH WHAT WAS IN LARGE MEASURE FINE TUNING.

2. BEGIN UNDERLINE: WINNING BACK THE BUSINESSMEN END UNDERLINE - IN ANNOUNCING HIS NEW CABINET TO THE PRESS, TRUDEAU SAID: "I THINK IT IS VERY IMPORTANT FOR ALL CANADIANS...THAT WE CONTINUE TO HAVE GOOD ECONOMIC GROWTH IN THE COUNTRY - WHICH MEANS INVESTMENTS - WHICH MEANS BUSINESS CONFIDENCE. AND CERTAINLY ONE OF THE THINGS I WANT TO SIGNAL THROUGH THIS CABINET IS THAT BUSINESS CAN HAVE CONFIDENCE IN THE STABILITY AND GROWTH OF THE ECONOMY." TO THAT END, TRUDEAU DID THE FOLLOWING:

A. JEAN CHRETIEN, WHO AS PRESIDENT OF THE TREASURY BOARD HAD DEMONSTRATED INTELLIGENCE AND EVENHANDEDNESS IN IMPLEMENTING AUSTERITY MEASURES, MOVES TO THE BUSINESS-SENSITIVE PORTFOLIO OF INDUSTRY, TRADE AND COMMERCE
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(ITC). CHRETIEN IS A TRUDEAU INTIMATE BUT, RARE IN THAT CIRCLE, HAS THE CONFIDENCE OF BUSINESSMEN. (MONTREAL MAGNATE PAUL DESMARAIS RECENTLY TOLD THE AMBASSADOR HE HAD BEEN URGING TRUDEAU TO SWITCH CHRETIEN TO ONE OF THE MORE POWERFUL ECONOMIC PORTFOLIOS.)

B. DON JAMIESON, SELF-MADE NEWFOUNDLAND BROAD-

CASTER-BUSINESSMAN, MOVES TO EXTERNAL AFFAIRS, WHERE HE CAN BE EXPECTED TO CONTINUE AS EFFECTIVE SLAESMAN OF CANADIAN EXPORTS AND SKILLFUL NEGOTIATOR IN INTERNATIONAL TRADE. JAMIESON'S MANAGEMENT KNACK SHOULD ALSO PULL TOGETHER EXTAFF OPERATIONS WHICH HAVE FOUNDERED UNDER MACEACHEN'S EASYGOING BUT LACKLUSTER LEADERSHIP.

C. CREATION OF A NEW MINISTRY OF STATE FOR SMALL BUSINESS (REPORTING TO ITC), CALCULATED TO ALLEVIATE THE UNHAPPINESS OF SMALL BUSINESSMEN WITH THE GOVERNMENT'S ANTI-INFLATION PROGRAM.

3. TRUDEAU ANTICIPATED CRITICISM OF THIS APPARENT TILT TOWARD THE BUSINESS COMMUNITY BY NAMING AN EXCEPTIONALLY BRIGHT AND ACTIVE BACKBENCHER, TONY ABBOTT, AS NEW MINISTER OF CONSUMER AND CORPORATE AFFAIRS. THAT WAS NOT ENOUGH TO RETAIN THE ALLEGIANCE OF BRYCE MACKASEY, WHO FOR SEVERAL MONTHS HAS BEEN OUTSPOKENLY CRITICAL OF THE GOVERNMENT FOR ABANDONING SMALL "L" LIBERALISM AND CONCERN FOR THE COMMON MAN. THE WITHDRAWAL OF MACKASEY -- AN ENGAGING FIGURE HIGHLY POPULAR WITH THE PUBLIC AND THE MEDIA -- IS A BLOW TO LIBERAL FORTUNES WHICH TRUDEAU REPORTEDLY FOUGHT HARD TO PREVENT (DOWN TO THE WIRE, CAUSING A DELAY OF SEVERAL HOURS IN THE PUBLIC ANNOUNCEMENT). WITHOUT DOUBT, MACKASEY'S WITHDRAWAL TOOK THE SHINE OFF THE RESHUFFLE. SO FAR, HE HAS GONE QUIETLY, BUT IF HE SHOULD CHOOSE TO BECOME A VOCAL CRITIC OUTSIDE THE GOVERNMENT, THE POTENTIAL FOR DAMAGE IS GREAT.

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4. BEGIN UNDERLINE TAKING CHARGE END UNDERLINE. - TRUDEAU MOVED MACEACHEN BACK TO THE POST OF HOUSE LEADER IN WHICH, DURING THE MINORITY LIBERAL GOVERNMENT OF 1972-74, HE PERFORMED AS ONE OF THE MOST ADROIT AND EFFECTIVE INCUMBENTS OF THAT POSITION IN RECENT YEARS. NOW, WITH A PROVEN HAND TO MIND THE STORE, TRUDEAU WILL BE FREE TO TRAVEL MORE WIDELY, AS HE HAS ALREADY INDICATED HE WISHES TO DO.

5. TRUDEAU OBVIOUSLY HOPES THE ELEVATION OF BACKBENCHERS WILL BRING BRAINS, POPULAR APPEAL AND COMBATIVENESS TO THE GOVERNMENT BENCH. MARCHAND (MINISTER OF STATE FOR SMALL BUSINESS)

IS THE FIRST CANADIAN OF INDIAN BLOOD TO SIT IN THE CABINET. THE APPOINTMENTS OF CAMPAGNOLO AND BEGIN BRING THE TOTAL OF CABINET WOMEN TO THREE. THIS IS NOT JUST TOKENISM AS BOTH ARE TOUGH, INDUSTRIOUS, AMBITIOUS PERFORMERS. FINALLY, TRUDEAU KEPT AN EYE ON THE PERENNIAL PROBLEM OF GEOGRAPHIC DISTRIBUTION BY DISTRIBUTING THE NEW APPOINTMENTS TO KEY AREAS: TWO TO BRITISH COLUMBIA (CAMPAGNOLO AND MARCHAND), TWO TO QUEBEC (FOX AND BEGIN), AND THREE TO ONTARIO (ABBOT, ROBERTS, AND BLAIS -- OF WHICH THE FIRST TWO ARE FROM METRO-TORONTO, SURE TO BE A PIVOTAL IN THE NEXT FEDERAL ELECTION).

6. BEGIN UNDER: BILINGUALISM END UNDERLINE. - JOHN ROBERTS, A FORMER RHODES SCHOLAR BILINGUAL IN FRENCH, BECOMES SECRETARY OF STATE TO REPLACE HUGH FAULKNER, WHO UNHAPPILY COMBINED ADMINISTRATIVE INEPTITUDE WITH ERRATIC STRAIN OF NATIONALISM. ROBERTS COMBINES THE NECESSARY BRAINS AND LINGUISTIC ABILITY WITH A CONSTITUENCY (TORONTO) NOTED FOR ANTI-FRENCH BIAS.

7. BEGIN UNDERLINE: CONCLUSION END UNDERLINE - TRUDEAU REDRESSED THE MOST GLARING INADQUACIES OF THE LIBERAL STEWARDSHIP: KEEPING HIS BETTER PERFORMERS, MOVING SOME TO CONFIDENTIAL

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POSITIONS WHICH SHOULD ENHANCE THEIR EFFECTIVENESS, ELIMINATING LIABILITIES, AND REFURBISHING THE PARTY IMAGE WITH NEW FACES. ON THE WHOLE, CAREFUL MINOR SURGERY WHICH IS TO A LARGE EXTENT COSMETIC. MORE IMPORTANTLY, WE BELIEVE CONCERN FOR CANADIAN RELATIONS WITH THE UNITED STATES WILL BE GIVEN GREATER ATTENTION AND HIGHER PRIORITY BY THE NEW TEAM. THE BUSINESS COMMUNITY, IN PARTICULAR, HAS GROWN UNEASY OVER REPEATED AND UNNECESSARY IRRITATIONS IN THE RELATIONSHIP. IF THEIR VOICE IS TO BE HEARD TO THE EXTENT THAT THE CABINET CHANGES IMPLY, WE SHOULD BE IN PART THE BENEFICIARIES.

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